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Real Estate Economists, Appraisers and Counselors

ADVERSE TRENDS IN OLDER SHOPPING DISTRICTS

CONSUMERS' changing shopping patterns have affected adversely older shopping districts in urban areas. The adverse effect brought about by these changing patterns, and as one part of the city or another flourishes or declines, is measured best by the rate of vacancy; the rate of turnover, i. e. the number of changes compared to total uses; and the ratio of nonretail uses to total uses.

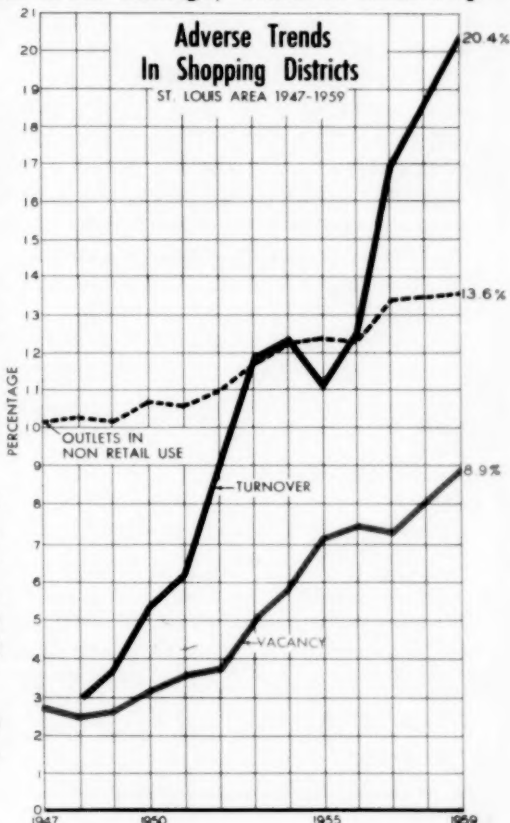
Our annual survey of the Greater St. Louis area is made up of 50 neighborhood shopping districts. The results of our findings, which we believe apply equally well in other cities, suggest the following conclusions:

1. Many tenants who 10 years ago or more paid high rent in areas with inadequate parking facilities are being, or have been replaced by tenants with lower rent-paying ability.

2. The high turnover rate we have found on tenants in these older areas indicates an unsatisfactory retailing experience, but there is still a sufficient number of prospects to fill most of the vacancies at lower rentals.

3. Certain groups are showing a decline as some small general merchandise stores are becoming departments in large department stores, and as small meat markets, bakeries and produce stores are becoming part of the giant supermarket.

The survey is made by going to each of the shopping districts and ob-



serving the use of each property. The results are classified by groups, tabulated, then compared with the previous years' tabulations.

The chart at the bottom of page 181 illustrates the trend since we first conducted this survey in 1947. During the past year the vacancy rate has risen nearly 22%. Between 1955 and 1957 the vacancy rate showed signs of leveling but pushed upward in 1958, which might be expected during a period of business recession.

Today the vacancy rate is 8.9%, as compared with less than 3% in 1947. Turnover has moved upward to 20.4% as compared with 16.9% in 1957 and about 3% in 1948. The turnover rate is a good measure of stability of the older shopping districts and it has been moving upward steadily, except for a slight dip between 1954 and 1955, since we first undertook the study 12 years ago. The rate increase in nonretail uses from over 12% in 1956 to 13.6% in the present year is one factor that has helped to keep the vacancy rate lower than it would otherwise be.

The high turnover rate and the increases in nonretail uses suggest that there have been ready replacements to occupy the store space of businesses discontinuing their operations. The replacement of vacated space results from expansion of present facilities or the entrance of new businesses.

The older shopping districts have had to yield a larger share of the pie because they lack adequate parking facilities for their patrons. Of the 50 shopping districts included in this survey, 28 have vacancy rates above the average, and only 2 of these are located in the less concentrated suburban area. Only 12 urban districts have less than 8.9% vacancy rate. Some of these shopping districts are given a boost by the presence of large branch department stores, and by being located in heavily populated sections of the city where there seems to be a great deal of walk-in trade. Thus the 12 urban districts that have a vacancy rate below the average seem to be less handicapped by traffic congestion and lack of parking space.

PERCENTAGE OF NET CHANGE BY GROUPS
(Summary of 50 Shopping Centers)

Group	1947-59	1947-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-59
Food	-38.9	-11.6	-5.6	-4.3	-5.0	-8.1	-5.2	-7.5
General Merchandise	-12.2	+4.2	-1.5	-1.5	+3.1	-2.0	-10.4	-3.5
Apparel	-20.9	+5.2	-1.7	-4.0	-5.6	-2.3	-4.0	-9.1
Furniture-household	-2.5	+2.5	-1.2	*	-2.5	+3.2	*	-2.2
Eating-drinking	-3.6	+5.5	-0.6	-1.5	-2.5	-2.3	+0.6	-3.2
Automotive	-14.8	-1.0	-4.5	+0.8	-2.6	+1.0	-5.8	-3.6
Lumber-building	+6.8	+15.5	-7.6	+6.3	-7.2	*	-2.5	+2.6
All other retail	-7.3	+0.1	+0.3	-1.6	+2.4	-1.7	-2.7	-3.5
Service	+0.1	-1.6	-1.8	-0.4	+2.3	+2.3	+1.5	-0.9
Recreation	-16.7	-6.4	-4.1	-11.4	+8.0	-6.0	+4.8	*
Office	+28.0	+9.1	+7.8	+1.3	+1.1	*	+5.3	+1.0
Noncommercial	+72.8	+23.9	+2.6	+26.5	+2.7	-3.9	+7.9	-3.0

*No change.

The high rate of turnover, or changes in use, is the most significant result of the present survey. The table at the bottom of page 182 reveals the changes taking place within the 50 shopping centers.

In the past year, the food and shopping goods groups have given way to service outlets, recreational, office, and industrial uses. Many of the districts, once in strong competition with the downtown shopping district, are losing their retail characteristics. Food stores continue to show a decline, which has amounted to nearly 39% since 1947. Because of the nature of food shopping, a grocery store needs greater closeby parking space than an older shopping district can supply, and thus many have made the move to shopping centers or to other locations where ample parking space is available. Another reason for this decline is the consolidation of all food departments within one supermarkets, thus eliminating many small meat markets, bakeries, and produce stores.

General merchandise stores show the same symptoms as the food stores. Moreover, many small department stores are feeling the effects of the fully integrated branch department stores that provide ample parking. Many of the older shopping districts, in becoming less concentrated in these uses, offer the shopper fewer outlets and less variety from which to choose. Successful apparel type stores, for instance, thrive on competition, and a decrease in this competition has a snowballing effect in older business districts.

The automotive group continued to show a decline. This condition coincides with the concern exhibited by automobile manufacturers over the nationwide automobile market. The office group has continued to increase, absorbing some of the properties formerly used as retail stores.

The tables on the back page show the types of stores which have undergone the greatest changes since 1947 and between 1957 and 1959. Causes for most of these changes are readily apparent. Fur shops in older districts have lost their customers to the suburbs. Operations of tobacco stores are being taken over by the chain drug stores, which, with a diversified line, can afford the slim margin available on tobacco items. Hat stores require high volume and good shopping competition, therefore have gone into new shopping centers. The operation of cut-rate liquor departments in chain drug and grocery stores has put the pinch on the independent dealer. Children's wear shops have seen their operations integrated into department stores and combined with women's wear shops.

The types showing increases are predominantly in the service and nonretail groups. The increase in number of laundromats is due to the lack of them 10 years ago and their growing popularity. Floor coverings and drapery stores benefited from increased incomes and the postwar housing boom. Music stores could credit their increase to the rise in incomes and money in the hands of the teenagers who do the majority of phonograph record buying. The recent popularity of high fidelity equipment has done much to spur sales of records. The storage, miscellaneous retail, miscellaneous service, and office uses have re-

PERCENTAGE OF NET CHANGE IN USES, 1947-59
(By Type of Business)

Decreases		Increases	
Fur shops	65.0%	Other nonretail use	400.0%
Tobacco stores	60.0	Self-laundries	318.2
Hat stores	53.1	Church-in-store	200.0
Grocery stores	44.8	Floor covering, drapes . . .	95.8
Liquor stores	43.2	Residence-in-store	94.7
Children's wear shops . . .	41.7	Misc. retail classes	77.2
Candy store & confectionery	41.3	Bowling	71.4
Upholstering & furn. repair	40.0	Other service estab.	66.7
Theaters	38.5	Music stores	61.9
Meat, fish & poultry	37.8	Doctors, dentists & other med.	58.3
New car sales & service. . .	35.9	Storage.	56.7
Delicatessens	35.6	Realty, law, insurance . . .	54.2
Leather goods stores	33.3	Lumber & bldg. materials .	47.1
Household appliances	33.0	Vacant for rent	46.0
Fruit & vegetable mkt. . . .	31.8	Stationers & printers	41.9

PERCENTAGE OF NET CHANGE IN USES, 1957-59
(By Type of Business)

Decreases		Increases	
Upholstering & furn. repair .	33.3%	Church-in-store	71.4%
Residence-in-store	26.0	Self-laundries	70.4
Candy store & confectionery	20.0	Vacant - others	63.0
Moving - express	20.0	Fruit & vegetable mkt. . . .	50.0
Book stores	18.2	Bowling	50.0
Theaters	17.3	Other amusement & rec. . .	33.3
New car sales & service . .	16.3	Other nonretail use	25.0

placed the stronger and higher rent-paying shopping goods outlets to a great extent.

In general, the situation in St. Louis is typical of older shopping districts in metropolitan areas throughout the country. Congested traffic and lack of parking facilities are the biggest woes of the older districts. Some merchants associations are attempting to counteract the situation by developing parking areas. Congestion, which has forced people into suburban areas, is also forcing shoppers into better equipped suburban shopping centers.

